Nova Scotia Department of Finance

Statement of Mandate

2012-2013

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1.0 Message from the Minister

I am pleased to present the 2012-2013 Statement of Mandate for the Department of Finance.

The department's core business is to establish a sound fiscal framework and manage the Government of Nova Scotia's finances to support Nova Scotia's priorities. The department achieves this through its leadership role in establishing and administering the fiscal framework and financial controls of the Province, and providing meaningful and transparent financial reporting to all Nova Scotians.

We are where we expected to be at this point, entering Year 3 of the government's four-year Back to Balance plan. We are on target to present a balanced budget in 2013. There is still a need for discipline in getting back to balance, but also for thoughtfully responding to economic conditions as they occur.

The Department of Finance provides professional services and support to provincial government departments and entities. Divisions - such as Payroll, Corporate Information Services, Internal Audit, and Government Accounting - also provide important services to the broader public sector, including district health authorities and school boards. The department delivers financial, accounting, fiscal and economic policy advice and provides statistical services to help inform decision making across government. The department also regulates credit unions, the securities sector, and insurance companies, and recently completed a major review of the auto insurance system that will be implemented over the next year.

Through these activities and responsibilities, the department supports government decision-making, from day-to-day operations to budget formulation. The Department of Finance relies on the dedication and expertise of its employees to achieve this, and I would like to thank them for their ongoing efforts.

Honourable Graham Steele
Minister of Finance

April 3, 2012

2.0 Department mandate

2.1 Mandate Statement

The mandate of the Department of Finance flows primarily from the Finance Act which includes a leadership role in establishing and administering the fiscal framework and financial controls of the Province, and providing meaningful, transparent financial reporting, including the provincial budget, forecasts and Public Accounts.

The department assesses and delivers financial, accounting, fiscal and economic policy advice on the strategic value of government initiatives, manages the debt of the Province, regulates select financial institutions and provides policy oversight to the securities sector. The department also provides support to all of government through the delivery of statistics, centralized and corporate shared services. The department supports the Minister of Finance in overseeing certain crown corporations and agencies, as well as select pension plans for which the Minister has responsibilities.

2.2 Vision

A financially strong province based on sustainable economic development to the benefit of all Nova Scotians.

2.3 Mission

To support a sustainable economy through a sound fiscal framework; financial accountability and transparency; and best practice in financial management processes and systems.

3.0 Government Priorities

3.1 Get back to balance and ensure government lives within its means

In cooperation with Treasury Board Office, the Department of Finance is leading the Government's efforts to balance Nova Scotia's finances. In 2011-2012, the department advanced its work in Year 2 of the Back to Balance plan. A new Back to Balance website was launched as an additional means to consult with and engage Nova Scotians across the province on the difficult choices needed to live within our means. The province is on track to introduce a balanced budget in 2013. This year, in 2012-2013, the department will be looking ahead to identify what the next steps are for Nova Scotia beyond balance.

In addition to providing leadership on the Back to Balance process, the Department of Finance provides extensive, ongoing support to government fiscal planning through research, analysis and consultation across the provincial government and with federal counterparts. The department is anticipating upcoming federal transfer renewals and is working collaboratively to ensure that the province is well positioned to respond to any changes. The department is also monitoring national discussions on retirement income adequacy.

In the delivery of central client services[1], the department provides leadership in implementing changes in structures and processes that make operations more efficient within current resources. The department will implement the centralization of payment transaction services that will enable ongoing analysis and review of payment processes and procedures. The department also provides leadership on financial reporting. Across government, the department provides ongoing support and assistance to other departments and entities in financial, accounting, fiscal, economic and statistical analysis to help ensure that the government's fiscal plan is being adhered to on a corporate level.

The Department's management of the treasury functions for the Province, which includes cash and debt management, is done with a view to maximizing efficiencies and minimizing risks while keeping government's short term needs and long term objectives in mind.

3.2 Create good jobs and grow the economy

The government has created a comprehensive, multi-sector approach to jobs and economic growth through the jobsHere plan. The Department of Finance's ongoing work in economic and fiscal information and policy supports the jobsHere plan and the corporate objective of increased investment and economic growth.

[1] Services include enterprise resource planning system (ERP), payroll and payment production, government accounting, audit and statistics.

3.3 Make health care better for you and your family

As steward of the province's fiscal planning, the department is implementing the Back to Balance plan to ensure the province will be in a stronger fiscal situation and able to invest in the innovation and health care changes necessary to fulfill this Government commitment. The department will also undertake other initiatives that will support health care system sustainability. For example, the Internal Audit Centre, which provides internal audit services to government units and is housed within the Department of Finance, will extend its services to District Health Authorities.

4.0 Performance Measurement

Outcome #1: Produce a sound fiscal plan with high-level transparency and accountability

OUTCOME	MEASURE	PAST DATA	TARGET 2012-2013	Long term Target	Strategic Actions to achieve target
Produce a sound fiscal plan with high-level transparency and accountability	Credit spread relative to Ontario	2011-12 3.0 bps 2010-11: 1.0 bps 2009-10: 3.0 bps 2008-09: 12 .0 bps 2007-08: 1.1 bps 2006-07: 0.0 bps 2005-06: 0.0 bps 2004-05: 5.0 bps 2003-04: 8.0 bps 2002-03: 14.0 bps 2001-02: 20.0 bps	0.00 bps (indicative of rates equal to Ontario)	0.00 bps (indicative of rates equal to Ontario)	Maintain debt plan and borrowing program and continue positive relations with investment community
	Credit ratings of major rating agencies	DBRS: "A", stable outlook (June 2011) S&P: "A+", stable outlook (October 2011) Moody's: "Aa2", stable outlook (November 2011)	Maintain ratings	Improve ratings	Maintain transparent and positive relationship with rating agencies; assist Government to adopt a sustainable fiscal plan
	Unqualified audit report and timely release of consolidated financial	Consolidated financial statements released with unqualified audit report: July 28, 2011 July 29, 2010	Release with unqualified audit report: on or before September 30, 2012	Release with unqualified audit report: on or before September 30	Advance planning and collaboration with other Departments, Entities and OAG; early problem and work load identification;

	state-ments	Sept 10, 2009 Aug 5, 2008 Aug 9, 2007 Sept 29, 2006 Sept 25, 2005 Sept 30, 2004			adherence to PSAB standards

Outcome #2: Government operations adhere to the principle of fiscal prudence and efficiency

OUTCOME	MEASURE	PAST DATA	TARGET 2012-2013	Long term Target	Strategic Actions to achieve target
Government operations adhere to the principle of fiscal prudence and efficiency	Net debt to GDP	2011-12: 35.2% 2010-11: 35.3% 2009-10: 38.2% 2008-09: 36.2% 2007-08: 36.7% 2006-07: 39.1% 2005-06: 39.2% 2004-05: 41.2% 2003-04: 42.7% 2002-03: 45.1% 2001-02: 46.8%	2012-13: 34.8% (per 2012-13 NS provincial Budget)	Continued steady decline in debt-to-GDP ratio	Continued fiscal discipline in departmental and government decision-making; advise Government on debt management; support for Government decisions that encourage economic growth.
	Sustainable pension plans	Funded Ratios of the Public Service Plan 2010 – 100.3% 2009- 69.3% 2008- 64.1% 2007- 83.5% 2006- 89.6% 2005- 88% 2004- 85.2% 2003- 85.8%	Maintain funded ratios	100%	Continued management of relevant provincial pension plans.

Outcome #3: Maximize the efficiency and effectiveness of central client services[2]

OUTCOME	MEASURE	PAST DATA	TARGET 2012-2013	Long term Target	Strategic Actions to achieve target
Maximize the efficiency and effectiveness of central client services	Depart-ments and other government bodies have access to required IT programs to deliver services	Business Enhancement project implementation PHP- Position Hiring Process Management Self Serve automation via ERP Portal VLRA – Vacation Leave Request & Approval Employee and Management Self Serve automation via the ERP Portal Travel & Expense Management Employee and Management Self Serve automation Procurement workflow and automation via the ERP Portal.	Implement a Grants management system using ERP. First client will be Communi-ties, Culture and Heritage BEP continues with Employee and Management Self Serve Begin time entry automation via the ERP Portal	On-going improved efficiencies in ERP delivery	ERP Business Enhancements Implementatio n of cost efficient and effort reducing processes Continued security controls improvement ERP Business Enhancements ERP Upgrades (software and hardware) Improved service delivery within the CIS Division (SIU) Service Integration Unit

[2] Services include ERP, payroll and payment production, government accounting, audit and statistics

	Number of services centralized and more consistent processes (payment production)	Number of services centralized: 2011/12: 2 2010/11: 3* 2009/10: 1 2008/09: 4 2007/08: 3 2006/07: 2 2005/06: 1 *provincial public service, pensioners and school board payroll currently housed under separate Payroll Division	Two additional services centralized	Continue to centralize and improve efficiency of govern-ment wide payment production	On-going problem resolution and collaboration with client departments to ensure client service delivery Expanded use of electronic payments
	Enhanced risk identifica-tion, assessment and manage-ment through new policies and procedures	Completed corporate credit initiative that reviewed and revised policies and procedures	Implement revised travel policies and procedures, and deliver user training	Maintain policies and procedures that maximize controls in travel expense claims	Periodic reviews of travel policy and procedures; responding to user feedback

<u>Outcome #4:</u> Provide leadership in fiscal and economic policy across government to support the achievement of government priorities

OUTCOME	MEASURE	PAST DATA	TARGET 2012-2013	Long Term Target	Strategic Actions to achieve target
Provide leadership in fiscal and economic policy across government to support the achievement of government priorities	Positive climate for investment and economic growth-overall personal income, corporate income and capital tax rates	Marginal personal income tax rates at December 31, 2011: 2011-12 2009-08 8.79% 8.79% 14.95% 14.95% 16.67% 16.67% 17.50% 17.50% 21.00% Corporate tax rates at December 31, 2011: General 2011 - 16% 2010-08 – 16% Small Business 2012 – 4% 2011 - 4.5% 2010 -08 – 5% Capital (large non-financial corporations) 2012 - 0.00%	Reduce Capital Tax to 0% as of July 1, 2012 Reduce Small Business Rate to 3.5% as of January 1, 2013 Increased Poverty Reduction tax Credit and Affordable Living Tax Credit	Maintaining a tax regime that supports quality public services within a fiscal framework that Nova Scotians feel they can afford	Work with other departments to identify core priorities of government and put in place supportive tax and fiscal practices Continue to monitor Nova Scotians' overall tax levels

		2011 - 0.05% 2010 – 0.10% 2009 - 0.15% 2008 - 0.20%			
	Fair and affordable auto insurance	Average Earned Premium 2010 - TBC 2009- $804.37 2008- $808.50 2007- $816.57 2006- $824.58 2005- $865.48 2004- $787.37 2003- $945.41 2002- $799.57	Avoid any spikes in average earned premiums while implementing results of auto insurance review	Keep average earned premiums stable while providing best possible benefits to consumers	Government has announced a number of key recommendations from the auto insurance review that will be implemented over the next two years.

Outcome #5: Ensure the Department of Finance provides a healthy and supportive workplace

OUTCOME	MEASURE	PAST DATA	TARGET 2012-2013	Long term Target	Strategic Actions to achieve target
Ensure the Department of Finance provides a healthy and supportive workplace	Staff engagement as measured in "How's Work Going" Survey	Engagement: 2011 – 62% (corporate result 56%) 2009 = 75% (corporate result 55%) 2007 = 61.7% (corporate result 37%)	Survey takes place every two years; target is to continue to surpass corporate results (DOF 2009 score was 1% above corporate rate)	Continue to surpass corporate rate of engagement	Continue with DOF Healthy Workplace initiatives
	Percentage of initiatives started in leadership and communicat	None – new measure	75% commence-ment of approved action plan recommenda-	Improvement in DOF results in the How's Work Going	Develop and approve action plan. Commence 75% of action items by year end.

	ion action plan, based on DOF 2011 How's Work Going Survey results.		tions in these two areas	survey areas of Leadership and Comunica-tion	

5.0 **Budget Context**

Finance			
	2011-2012 Estimate	**2011-2012 Forecast**	**2012-2013 Estimate**
Program & Service Area	($thousands)	($thousands)	($thousands)
Program Expenses:			
Senior Management	4,427	4,102	5,064
Associate Deputy Minister and Controller	26,006	24,908	28,451
Provincial Budgetary Planning and Coordination	868	910	820
Corporate Services Unit	1,449	1,380	1,476
Fiscal and Economic Policy	3,257	3,107	3,179
Total Program Expenses	36,007	34,407	38,990
Additional Information:			
Fees and Other Charges	(26)	(26)	(26)
Ordinary Recoveries	(3,386)	(3,613)	(3,438)
TCA Purchase Requirements	7,346	7,322	3,523
Provincial Funded Staff (FTEs) Net	238	216	257